



U.S. Department of Justice

*United States Attorney
Southern District of New York*

*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

June 11, 2021

VIA ECF AND EMAIL

Honorable Lorna B. Schofield
United States District Judge
Southern District of New York
40 Foley Square
New York, New York 10007

Re: *United States v. Sohrab Sharma et al., 18 Cr. 340 (LGS)*

Dear Judge Schofield:

Pursuant to this Court's Order of June 1, 2021 (Dkt. 502) in this case, the Government and seven victims of the defendants' fraud on Centra Tech, Inc. investors (the "Claimants") who have filed an amended third-party petition pursuant to 21 U.S.C. § 853(n) in this case (the "Amended Petition") respectfully submit this letter to update the Court on the status of efforts to settle the Amended Petition without further litigation.

As noted in prior correspondence, the Government and the Claimants have been engaged in settlement discussions in an effort to reduce unnecessary delays in the planned remission process that would facilitate compensation to the many victims of the defendants' fraud, and the parties are actively conferring regarding the possibility of reaching a settlement to resolve the Claimants' Amended Petition and continue to make progress toward reaching a potential settlement. As described in the parties' May 7 and 28, 2021 status updates to the Court (Dkts. 492, 501), the Government has proposed to the Claimants the terms of a settlement that the Government is prepared to recommend to the Department of Justice's Money Laundering and Asset Recover Section ("MLARS"), whose approval is required for any potential settlement. The Claimants have recently sent a detailed counterproposal to the Government, which has substantially narrowed the remaining issues to be negotiated and is being actively analyzed and considered at this time.

In order to afford the parties adequate time for productive settlement discussions which could obviate the need for further motions practice, the parties respectfully request that the Court adjourn the current briefing deadlines in this ancillary proceeding by an additional four weeks.¹

¹ The recent notice of appeal filed by defendant Sharma indicating his intention to challenge both his conviction and sentence (Dkt. 474) will at least temporarily delay the initiation of the planned remission program to compensate victims of the defendants' fraud. Because the forfeiture of all of the Seized Ether Units and all of the proceeds from their liquidation is predicated on Sharma's criminal fraud conspiracy convictions, MLARS cannot initiate a remission program as to any of those proceeds (including the \$27.2 million in forfeiture proceeds that are indisputably not demanded by any claims in the Amended Petition) and the Government cannot use any of those proceeds to settle the Claimants' Amended Petition unless and until Sharma's appeal as to his conviction is withdrawn or dismissed, his conviction is affirmed on appeal, or an alternative legal

The parties agree and propose that the anticipated motions — the Government's motion to dismiss the Amended Petition and motion requesting permission to begin the remission process as to a portion of the forfeited Ether — be briefed in parallel on the following schedule:

- Government's moving papers due on July 19, 2021.
- Claimants' response due on August 9, 2021;
- Government's reply due on August 23, 2021.

For the reasons set forth above, Claimants and the Government respectfully request that the Court adopt the briefing schedule that the Government and the Claimants have jointly proposed. In addition, the Claimants and the Government respectfully propose to provide the Court with an update regarding potential settlement discussions by July 2, 2021.

Respectfully submitted,

ILAN T. GRAFF
Attorney for the United States
Acting Under 28 U.S.C. § 515

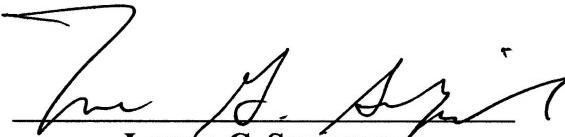
by: _____/s/
Samson Enzer / Negar Tekeei / Daniel Loss
Assistant United States Attorneys
212-637-2342 / -2482 / -6527

cc: Donald J. Enright, Esq.
All other counsel of record

The application is GRANTED. By **July 19, 2021**, the Government shall file its motion to dismiss and motion to begin the remission process as to a portion of the forfeited Ether. By **August 9, 2021**, Claimants shall file their opposition. By **August 23, 2021**, the Government shall file its reply. By **July 2, 2021**, Claimants and the Government shall file a status letter providing an update as to settlement discussions.

SO ORDERED

Dated: June 14, 2021
New York, New York



LORNA G. SCHOFIELD
UNITED STATES DISTRICT JUDGE

basis for the forfeiture is established. Although counsel for defendant Sharma and the Government considered and discussed options for reaching a stipulation or another mechanism that would establish an alternative basis for the forfeiture that would not depend on the outcome of Sharma's pending appeal, the parties were, unfortunately, unable to find a legal mechanism that would allow them to do so. Accordingly, the extended deadlines for motions practice requested in this letter as to this ancillary litigation will not unduly delay the use of the Ether sale proceeds to compensate the Claimants or other victims or otherwise cause undue prejudice to them.